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President, Saudis Met Twice

Funds Flowed to Contras After Talks

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President Reagan met personally with Saudi Arabian officials both on the eve of the Saudis' 1984 decision to begin contributing \$1 million a month to the Nicaraguan contras, and again on the eve of the Saudi decision in February 1985 to sharply increase that contribution by giving \$24 million more to the rebels, according to informed sources and public testimony.

Robert C. McFarlane, Reagan's former national security adviser, discussed the second of those meetings—between Reagan and Saudi Arabia's King Fahd—in his testimony yesterday to the Iran-contra select committees.

The first meeting involving the president, sources revealed yesterday, occurred in the first week of May 1984, shortly before the Saudis began contributing \$1 million a month to the contras. Reagan met at the White House with Prince Bandar Bin Sultan, the Saudi ambassador in Washington, the sources said. The White House has found no notes on that meeting, the sources added, indicating there is no evidence of what was discussed.

In that same month of May 1984, the Reagan administration invoked an emergency procedure to bypass Congress and sell the Saudis 400 Stinger antiaircraft missiles worth \$40 million.

In February 1985, Fahd paid a state visit to Washington and held a private conversation with Reagan, according to McFarlane's testimony yesterday. Reagan gave no indication to his aides that he and Fahd discussed aid to the contras.

McFarlane yesterday referred to Saudi Arabia only as "Country Two," using a code agreed on

with the House and Senate select committees investigating the Iran-contra affair. After describing the Reagan-Fahd meetings, he continued:

"But within a day or so, I was advised by a resident official of Country Two [presumably Prince Bandar, the ambassador] that, whether in that meeting or not, that they, Country Two, had elected to carry on with their contributions they had made but to be at about double the monthly level it had been the previous year."

McFarlane said he advised Reagan a day or so later of this by putting a notecard in the briefing book the president read each morning. Reagan's reaction, McFarlane said, was one "of gratitude and satisfaction, not of surprise."

A spokesman for the Saudi ambassador issued a statement yesterday saying that "during the visit of King Fahd to Washington in February 1985, the issue of aid to the contras was not raised or discussed either by King Fahd or President Reagan."

The embassy also denied that Reagan and Fahd had met privately, though another Saudi source said previously that such a meeting had occurred.

Investigators in the Iran-contra affair are attempting to determine whether the Saudis expected or were improperly guaranteed foreign policy favors by the administration when the secret contra funding began.

In his testimony yesterday, McFarlane recalled that the unnamed ambassador from "Country Two" had expressed its hopes during various informal discussions with him "about assistance we could provide—some cases arms sales—and any of a dozen kinds of bilateral cooperation that was on his mind at the time."

According to bank records and other sources, the Saudis first offered to contribute \$1 million in May 1984 and made their first actual payment in July. In May 1984,

The Washington Post reported that the CIA had actively solicited Saudi aid to the contras the previous month.

During the memorial day weekend in late May, 400 Stingers were flown secretly to Saudi Arabia then transferred to the oil kingdom after the president signed a transfer order at 9:30 a.m. on May 29.

Sources said that the administration had initially placed strict conditions on the sale of Stingers but King Fahd, who was distressed about the conditions dispatched a long, personal letter to President Reagan through Prince Bandar.

Bandar carried the letter to the White House the first week of May 1984. After Reagan read it, he said, "We don't put conditions on friends," according to two sources who were present at the meeting.

White House spokesman Dan Howard yesterday said that eventually, however, the administration placed "the toughest conditions we've ever imposed on anyone for the sale of Stinger missiles." Howard said, "the missiles were sold for our own national interest," and had no relationship to the alleged contra assistance.

At the same time he authorized the transfer of Stingers, the president approved the deployment of a U.S. Air Force aerial tanker to assist in refueling Saudi jets, and the United States accelerated delivery by several months of \$110 million worth of extra-capacity fuel tanks for Saudi F15s.

One administration source said the Saudis considered the administration actions "an important favor" at a time of heightened tension in the Iran-Iraq war and Saudi anxiety about a possible Iranian attack on its oil fields.

At the time of King Fahd's visit to Washington in February 1985, the top item on the Saudi agenda was to gain approval for a \$3 billion arms package that included the purchase of 40 additional F15 fighter jets. But Reagan could never satisfy that request. Because of congressional opposition, the Saudis withdrew that request in May 1985, and later chose instead to buy advanced aircraft from Britain.

In all, Saudi Arabia contributed \$32 million to the contras in 1984 and 1985—a time when Congress had severely restricted U.S. assistance to the contras. The Saudis have continued to deny they gave any money to the contras.

Part of the longstanding, close relationship between the United States and Saudi Arabia involves the exchange of covert and overt foreign policy favors that predate the Reagan Administration.

Saudi Arabia has made substantial covert contributions to the anticommunist resistance in Afghanistan, Angola and Ethiopia that also are being assisted covertly by the CIA. In the case of support to the Afghanistan rebels, the two governments have a secret agreement to match each others covert contributions dollar for dollar. The latest reliable figures show that each is providing at least \$280 million a year.